



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB1550

Introduced 2/15/2011, by Rep. Michael J. Zalewski

SYNOPSIS AS INTRODUCED:

820 ILCS 405/1506.1
820 ILCS 405/3150 new

from Ch. 48, par. 576.1

Amends the Unemployment Insurance Act. Changes employer contribution rates of each employer who has incurred liability for the payment of contributions within each of the 3 calendar years immediately preceding the calendar year for which a rate is being determined. Creates the Unemployment Insurance Task Force to study and make recommendations regarding ideas to reform unemployment insurance in Illinois in a way which encourages business growth while ensuring protection of workers who become involuntarily unemployed. Provides that reform ideas may include, but are not limited to, altering employer contribution rates to place a greater burden upon those employers with greater employment loss experience, allowing for and developing a private unemployment insurance market, and privatizing unemployment insurance through the establishment of employee-owned accounts similar to retirement accounts to be funded by contributions from the employer and employee to be used at the discretion of the employee if he or she becomes unemployed. Provides that the Task Force members shall serve voluntarily and without compensation. Provides that the Task Force shall submit a final report of its findings and recommendations to the Governor and the General Assembly on or before December 31, 2012. Provides that the final report shall include estimated costs and savings data for the State, Illinois businesses, and Illinois workers related to any recommendations. Provides that the Task Force is abolished on January 1, 2013. Effective immediately.

LRB097 07934 AEK 48051 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning employment.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Unemployment Insurance Act is amended by
5 changing Section 1506.1 and by adding Section 3150 as follows:

6 (820 ILCS 405/1506.1) (from Ch. 48, par. 576.1)

7 Sec. 1506.1. Determination of Employer's Contribution
8 Rate.

9 A. The contribution rate for any calendar year prior to
10 1982 of each employer who has incurred liability for the
11 payment of contributions within each of the three calendar
12 years immediately preceding the calendar year for which a rate
13 is being determined shall be determined in accordance with the
14 provisions of this Act as amended and in effect on October 5,
15 1980.

16 B. The contribution rate for calendar years 1982 and 1983
17 of each employer who has incurred liability for the payment of
18 contributions within each of the three calendar years
19 immediately preceding the calendar year for which a rate is
20 being determined shall be the product obtained by multiplying
21 the employer's benefit wage ratio for that calendar year by the
22 adjusted state experience factor for the same year, provided
23 that:

1 1. No employer's contribution rate shall be lower than
2 two-tenths of 1 percent or higher than 5.3%; and

3 2. Intermediate contribution rates between such
4 minimum and maximum rates shall be at one-tenth of 1
5 percent intervals.

6 3. If the product obtained as provided in this
7 subsection is not an exact multiple of one-tenth of 1
8 percent, it shall be increased or reduced, as the case may
9 be, to the nearer multiple of one-tenth of 1 percent. If
10 such product is equally near to two multiples of one-tenth
11 of 1 percent, it shall be increased to the higher multiple
12 of one-tenth of 1 percent. If such product is less than
13 two-tenths of one percent, it shall be increased to
14 two-tenths of 1 percent, and if greater than 5.3%, it shall
15 be reduced to 5.3%.

16 The contribution rate of each employer for whom wages
17 became benefit wages during the applicable period specified in
18 Section 1503, but who paid no contributions upon wages for
19 insured work during such period on or before the date
20 designated in Section 1503, shall be 5.3%.

21 The contribution rate of each employer for whom no wages
22 became benefit wages during the applicable period specified in
23 Section 1503, and who paid no contributions upon wages for
24 insured work during such period on or before the date specified
25 in Section 1503, shall be 2.7 percent.

26 Notwithstanding the other provisions of this Section, no

1 employer's contribution rate with respect to calendar years
2 1982 and 1983 shall exceed 2.7 percent of the wages for insured
3 work paid by him during any calendar quarter, if such wages
4 paid during such calendar quarter total less than \$50,000.

5 C. The contribution rate for calendar years 1984, 1985 and
6 1986 of each employer who has incurred liability for the
7 payment of contributions within each of the two calendar years
8 immediately preceding the calendar year for which a rate is
9 being determined shall be the product obtained by multiplying
10 the employer's benefit wage ratio for that calendar year by the
11 adjusted state experience factor for the same year, provided
12 that:

13 1. An employer's minimum contribution rate shall be the
14 greater of: .2%; or, the product obtained by multiplying
15 .2% by the adjusted state experience factor for the
16 applicable calendar year.

17 2. An employer's maximum contribution rate shall be the
18 greater of 5.5% or the product of 5.5% and the adjusted
19 State experience factor for the applicable calendar year
20 except that such maximum contribution rate shall not be
21 higher than 6.3% for calendar year 1984, nor be higher than
22 6.6% or lower than 6.4% for calendar year 1985, nor be
23 higher than 6.7% or lower than 6.5% for calendar year 1986.

24 3. If any product obtained in this subsection is not an
25 exact multiple of one-tenth of one percent, it shall be
26 increased or reduced, as the case may be to the nearer

1 multiple of one-tenth of one percent. If such product is
2 equally near to two multiples of one-tenth of one percent,
3 it shall be increased to the higher multiple of one-tenth
4 of one percent.

5 4. Intermediate rates between such minimum and maximum
6 rates shall be at one-tenth of one percent intervals.

7 The contribution rate of each employer for whom wages
8 became benefit wages during the applicable period specified in
9 Section 1503, but who paid no contributions upon wages for
10 insured work during such period on or before the date
11 designated in Section 1503, shall be the maximum contribution
12 rate as determined by paragraph 2 of this subsection. The
13 contribution rate for each employer for whom no wages became
14 benefit wages during the applicable period on or before the
15 date specified in Section 1503, and who paid no contributions
16 upon wages for insured work during such period on or before the
17 date specified in Section 1503, shall be the greater of 2.7% or
18 2.7% times the then current adjusted state experience factor as
19 determined by the Director in accordance with the provisions of
20 Sections 1504 and 1505.

21 Notwithstanding, the other provisions of this Section, no
22 employer's contribution rate with respect to the calendar year
23 1984 shall exceed 2.7 percent times the then current adjusted
24 state experience factor as determined by the Director in
25 accordance with the provisions of Sections 1504 and 1505 of the
26 wages for insured work paid by him during any calendar quarter,

1 if such wages paid during such calendar quarter total less than
2 \$50,000.

3 D. The contribution rate for calendar years 1987, 1988,
4 1989 and 1990 of each employer who has incurred liability for
5 the payment of contributions within each of the three calendar
6 years immediately preceding the calendar year for which a rate
7 is being determined shall be the product obtained by
8 multiplying the employer's benefit wage ratio for that calendar
9 year by the adjusted state experience factor for the same year,
10 provided, that:

11 1. An employer's minimum contribution rate shall be the
12 greater of .2% or the product obtained by multiplying .2%
13 by the adjusted State experience factor for the applicable
14 calendar year.

15 2. An employer's maximum contribution rate shall be the
16 greater of 5.5% or the product of 5.5% and the adjusted
17 State experience factor for the calendar year 1987 except
18 that such maximum contribution rate shall not be higher
19 than 6.7% or lower than 6.5% and an employer's maximum
20 contribution rate for 1988, 1989 and 1990 shall be the
21 greater of 6.4% or the product of 6.4% and the adjusted
22 State experience factor for the applicable calendar year.

23 3. If any product obtained in this subsection is not an
24 exact multiple of one-tenth of one percent, it shall be
25 increased or reduced, as the case may be to the nearer
26 multiple of one-tenth of 1 percent. If such product is

1 equally near to two multiples of one-tenth of 1 percent, it
2 shall be increased to the higher multiple of one-tenth of 1
3 percent.

4 4. Intermediate rates between such minimum and maximum
5 rates shall be at one-tenth of 1 percent intervals.

6 The contribution rate of each employer for whom wages
7 became benefit wages during the applicable period specified in
8 Section 1503, but who did not report wages for insured work
9 during such period, shall be the maximum contribution rate as
10 determined by paragraph 2 of this subsection. The contribution
11 rate for each employer for whom no wages became benefit wages
12 during the applicable period specified in Section 1503, and who
13 did not report wages for insured work during such period, shall
14 be the greater of 2.7% or 2.7% times the then current adjusted
15 State experience factor as determined by the Director in
16 accordance with the provisions of Sections 1504 and 1505.

17 E. The contribution rate for calendar year 1991 and each
18 calendar year thereafter of each employer who has incurred
19 liability for the payment of contributions within each of the
20 three calendar years immediately preceding the calendar year
21 for which a rate is being determined shall be the product
22 obtained by multiplying the employer's benefit ratio defined by
23 Section 1503.1 for that calendar year by the adjusted state
24 experience factor for the same year, provided that:

25 1. Except as otherwise provided in this paragraph, an
26 employer's minimum contribution rate shall be the greater

1 of 0.2% or the product obtained by multiplying 0.2% by the
2 adjusted state experience factor for the applicable
3 calendar year. An employer's minimum contribution rate
4 shall be 0.1% for calendar year 1996.

5 2. An employer's maximum contribution rate shall be the
6 greater of 6.4% or the product of 6.4% and the adjusted
7 state experience factor for the applicable calendar year.

8 3. If any product obtained in this subsection is not an
9 exact multiple of one-tenth of one percent, it shall be
10 increased or reduced, as the case may be to the nearer
11 multiple of one-tenth of one percent. If such product is
12 equally near to two multiples of one-tenth of one percent,
13 it shall be increased to the higher multiple of one-tenth
14 of one percent.

15 4. Intermediate rates between such minimum and maximum
16 rates shall be at one-tenth of one percent intervals.

17 The contribution rate of each employer for whom wages
18 became benefit wages during the applicable period specified in
19 Section 1503 or for whom benefit payments became benefit
20 charges during the applicable period specified in Section
21 1503.1, but who did not report wages for insured work during
22 such period, shall be the maximum contribution rate as
23 determined by paragraph 2 of this subsection. The contribution
24 rate for each employer for whom no wages became benefit wages
25 during the applicable period specified in Section 1503 or for
26 whom no benefit payments became benefit charges during the

1 applicable period specified in Section 1503.1, and who did not
2 report wages for insured work during such period, shall be the
3 greater of 2.7% or 2.7% times the then current adjusted state
4 experience factor as determined by the Director in accordance
5 with the provisions of Sections 1504 and 1505.

6 E-5. The contribution rate for calendar year 2012 and each
7 calendar year thereafter of each employer who has incurred
8 liability for the payment of contributions within each of the 3
9 calendar years immediately preceding the calendar year for
10 which a rate is being determined shall be the product obtained
11 by multiplying the employer's benefit ratio defined by Section
12 1503.1 for that calendar year by the adjusted State experience
13 factor for the same year, provided that:

14 1. Except as otherwise provided in this paragraph, an
15 employer's minimum contribution rate shall be 0.0%.

16 2. An employer's maximum contribution rate shall be the
17 greater of 7.4% or the product of 7.4% and the adjusted
18 State experience factor for the applicable calendar year.

19 3. If any product obtained in this subsection is not an
20 exact multiple of one-tenth of 1%, it shall be increased or
21 reduced, as the case may be, to the nearer multiple of
22 one-tenth of 1%. If such product is equally near to 2
23 multiples of one-tenth of 1%, it shall be increased to the
24 higher multiple of one-tenth of 1%.

25 4. Intermediate rates between such minimum and maximum
26 rates shall be at one-tenth of 1% intervals. The

1 contribution rate of each employer for whom wages became
2 benefit wages during the applicable period specified in
3 Section 1503 or for whom benefit payments became benefit
4 charges during the applicable period specified in Section
5 1503.1, but who did not report wages for insured work
6 during such period, shall be the maximum contribution rate
7 as determined by paragraph 2 of this subsection. The
8 contribution rate for each employer for whom no wages
9 became benefit wages during the applicable period
10 specified in Section 1503 or for whom no benefit payments
11 became benefit charges during the applicable period
12 specified in Section 1503.1, and who did not report wages
13 for insured work during such period, shall be the greater
14 of 2.7% or 2.7% times the then current adjusted State
15 experience factor as determined by the Director in
16 accordance with the provisions of Sections 1504 and 1505.

17 F. Notwithstanding the other provisions of this Section,
18 and pursuant to Section 271 of the Tax Equity and Fiscal
19 Responsibility Act of 1982, as amended, no employer's
20 contribution rate with respect to calendar years 1985, 1986,
21 1987 and 1988 shall, for any calendar quarter during which the
22 wages paid by that employer are less than \$50,000, exceed the
23 following: with respect to calendar year 1985, 3.7%; with
24 respect to calendar year 1986, 4.1%; with respect to calendar
25 year 1987, 4.5%; and with respect to calendar year 1988, 5.0%.

26 G. Notwithstanding the other provisions of this Section, no

1 employer's contribution rate with respect to calendar year 1989
2 and each calendar year thereafter shall exceed 5.4% of the
3 wages for insured work paid by him during any calendar quarter,
4 if such wages paid during such calendar quarter total less than
5 \$50,000, plus any applicable penalty contribution rate
6 calculated pursuant to subsection C of Section 1507.1.

7 (Source: P.A. 94-301, eff. 1-1-06.)

8 (820 ILCS 405/3150 new)

9 Sec. 3150. Unemployment Insurance Task Force.

10 (a) Definition. As used in this Section, "Task Force" means
11 the Unemployment Insurance Task Force.

12 (b) Creation and duties. The Unemployment Insurance Task
13 Force is created to study and make recommendations regarding
14 ideas to reform unemployment insurance in Illinois in a way
15 which encourages business growth while ensuring protection of
16 workers who become involuntarily unemployed. Reform ideas may
17 include, but are not limited to, altering employer contribution
18 rates to place a greater burden upon those employers with
19 greater employment loss experience, allowing for and
20 developing a private unemployment insurance market, and
21 privatizing unemployment insurance through the establishment
22 of employee-owned accounts similar to retirement accounts to be
23 funded by contributions from the employer and employee to be
24 used at the discretion of the employee if he or she becomes
25 unemployed.

1 (c) Membership. The Task Force shall be comprised of the
2 following individuals:

3 (1) one member appointed by the Governor, who shall
4 serve as chairperson of the Task Force;

5 (2) one member appointed by the Speaker of the House of
6 Representatives;

7 (3) one member appointed by the Minority Leader of the
8 House of Representatives;

9 (4) one member appointed by the President of the
10 Senate; and

11 (5) one member appointed by the Minority Leader of the
12 Senate.

13 (d) Appointments. Appointments shall be made 90 days from
14 the effective date of this amendatory Act of the 97th General
15 Assembly.

16 (e) Compensation. The Task Force members shall serve
17 voluntarily and without compensation.

18 (f) Support. The Department shall be responsible for
19 providing staff and administrative support to the Task Force.

20 (g) Hearings. The Task Force shall solicit comments and
21 hold public hearings before filing any report required by this
22 Section.

23 (h) Reporting requirements. The Task Force shall submit a
24 final report of its findings and recommendations to the
25 Governor and the General Assembly on or before December 31,
26 2012. The final report shall include estimated costs and

1 savings data for the State, Illinois businesses, and Illinois
2 workers related to any recommendations.

3 (i) Abolishment. The Task Force is abolished on January 1,
4 2013.

5 (j) Repeal. This Section is repealed on January 1, 2013.

6 Section 99. Effective date. This Act takes effect upon
7 becoming law.